

STATEMENT OF SOURCE AND USE
OF FUNDS

SIX MONTHS' PERIOD
ENDED JUNE 30, 1970

SOURCE	
Operations	\$2,585,696
Depreciation charge not requiring use of funds	236,815
Capital stock issued	21,200
Housing mortgages — proceeds less repayments	14,947
	<u>\$2,858,658</u>
USE	
Mining properties	14,887
Fixed asset additions	247,755
Exploration and development	316,823
Own Income Debentures purchased ..	459,000
	<u>\$1,038,465</u>
Balance applied to working capital ...	1,820,193
WORKING CAPITAL AT JANUARY 1, 1970	6,747,485
WORKING CAPITAL AT JUNE 30, 1970.	<u>\$8,567,678</u>

WESTERN MINES LIMITED
(NON-PERSONAL LIABILITY)

505 Burrard Street, Vancouver 1, B.C.

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

To the Shareholders:

EARNINGS

A Summary of Earnings and Production Statistics of your Company for the three months ended June 30, 1970 with comparable figures for the similar period in 1969 is submitted below. Also included is a Statement of Source and Use of Funds. These figures are subject to audit.

In arriving at the income for the current period \$130,270 was transferred from income to a reserve for market adjustments. No similar transfer was made last year so for comparative purposes the current quarter year's income before the transfer, amounting to \$1,190,540 equivalent to 23¢ per share, should be compared with \$1,141,654 or 22.1¢ per share for the corresponding period last year.

DEBT POSITION

As of this date the Income Debenture issue of \$7,000,000 has been fully redeemed and the Company is now completely free of long term debt. During the period of three and one half years the Company has been in production it has not only repaid this Debenture debt but also has paid off the \$4,000,000 bank loan. In addition, during the same period a total of \$2,614,097 for interest on the combined debt of \$11,000,000 has been paid.

DIVIDENDS

The demand on available funds for debt services during the current fiscal year, for development of the new ore discovery at the Paramount property of Myra Falls Mines Ltd., for capital requirements for equipment, for hard surfacing the access road and for outside exploration, precludes consideration of a dividend at the present time. Your directors are aware of the desirability of commencing dividend payments and will no doubt give this matter careful consideration when the results for the year and the cash position at the end of the year are known.

MINE OPERATIONS

1. Lynx

Ore production rates were normal. As com-

pared to the similar period last year, copper recovery was higher at 87.1% and zinc recovery was lower at 77.5%. Production of a lead concentrate was started in June. Development results continued to be satisfactory, particularly in drilling the G ore zone from No. 8 level.

2. Myra Falls Mines Ltd. (Paramount)

In order to develop the new high silver ore discovery reported last April, a 15% "decline" was started from surface about 140 feet below No. 10 level portal. At June 30 the advance totalled 98 feet. No. 10 level has been advanced a further 200 feet and drilling is in progress to investigate possible extensions of the new ore.

EXPLORATION

Surface work continued on Quadra Island but no new ore occurrences have been located.

A number of mining properties have been examined and one, the Jan Group near Jordan River was optioned.

A minor interest has been acquired in an option on a large, well located group of claims in the Rutan Lake area, Manitoba.

GENERAL

The low rainfall this year is causing a depletion of the water supply in Tennant Lake, which serves our hydro plant. The diesel plant is being used to supplement the hydro and is adequate to carry the full load, if required, until wet weather returns.

A contract to hard surface the Buttle Lake access road was awarded in June. Completion of the work is expected in late August.

A thorough sampling and analysis of Buttle Lake and its feeder streams has been completed by a competent, independent company. Results show that metals in the lake water are well below the maximum allowable.

Vancouver, B.C.
July 31, 1970

W. G. Jewitt,
President.

SUMMARY OF EARNINGS

Three months ended
June 30
1970 1969

Concentrate revenue less treatment and marketing charges	\$2,721,606	\$2,612,641
Operating costs and administration	1,566,236	1,258,224
Operating profit	1,155,370	1,354,417
Net interest and depreciation	96,100	212,763
Net income	<u>\$1,060,270</u>	<u>\$1,141,654</u>
SHARES OUTSTANDING	5,180,016	5,161,616
EARNINGS PER SHARE (cents)	20.5	22.1

PRODUCTION STATISTICS

Three months ended
June 30
1970 1969

Tons of ore milled	94,533	96,358
Ore grades %		
Copper	1.97	1.73
Zinc	6.36	7.76
Recoveries %		
Copper	87.11	85.11
Zinc	77.46	83.85
Concentrate grades %		
Copper	23.59	25.56
Zinc	53.06	53.91
Average metal prices, U.S. cents per pound		
Copper	66.8	59.8
Zinc	13.0	12.9

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WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)



ANNUAL REPORT
for the year ended
DECEMBER 31, 1970

ANNUAL GENERAL MEETING

The Annual General Meeting of Western Mines Limited (N.P.L.) will be held on Tuesday, March 30, 1971 at 11:00 a.m. in the Board Room of the Hotel Vancouver, Vancouver, B.C.

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AUTHORIZED CAPITAL

7,500,000 Common Shares

Par Value \$2.00 each

ISSUED

5,201,816

D.B. ARMSTRONG	Vancouver	DIRECTORS
R.T. HAGER	Vancouver	
E.C. HAMMOND	Vancouver	
W.G. JEWITT	Victoria	
J.A. McLALLEN	Vancouver	
J.B. MAGEE	Campbell River	
M.K. PICKARD	Toronto	
P.M. REYNOLDS	Vancouver	
O.A. SEEGER	Toronto	
J.E.R. WOOD	Vancouver	
H.M. WRIGHT	Vancouver	

W.G. JEWITT	President	OFFICERS
R.T. HAGER	Vice-President	
F.A. ROBERTSON	Secretary-Treasurer	

J.B. MAGEE	GENERAL MANAGER
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LAWRENCE & SHAW Vancouver	SOLICITORS
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CANADA PERMANENT TRUST COMPANY Vancouver Toronto	REGISTRAR and TRANSFER AGENT
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McDONALD, CURRIE & CO. Chartered Accountants Vancouver	AUDITORS
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BANK OF MONTREAL	BANK
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870 ONE BENTALL CENTRE, 505 BURNARD STREET Vancouver, B.C.	HEAD OFFICE
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Vancouver Stock Exchange Toronto Stock Exchange	SHARES OF THIS COMPANY ARE LISTED
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WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND SUBSIDIARY COMPANIES

annual report of the board

To the Shareholders:

PRODUCTION

During the year that ended December 31, 1970 a record ore tonnage, 386,976 tons, were milled, all from the Lynx mine, averaging .04 oz. gold, 1.4 oz. silver, 2.0% copper, 0.8% lead, 6.4% zinc. Copper recovery at 89.1% continued to be satisfactory but zinc recovery at 79.5% was down, owing to more refractory ore. Lead was recovered, starting in June, in a new concentrate averaging about 51% lead and arrangements have been made to market this relatively low grade product.

The open pit provided 59% of the mill feed with 39% from underground and the balance from stock piles.

MINE EXPLORATION AND DEVELOPMENT

Development at both mines greatly exceeded any previous yearly advance.

Lynx property

Lateral development and raising totalled 8,667 feet and underground diamond drilling 41,585 feet.

Myra Falls Mines Ltd. (Paramount property)

Lateral development and raising totalled 3,374 feet and underground diamond drilling amounted to 14,448 feet. This work indicated five new and promising ore localities and a decline was started and advanced 1,437 feet to develop and further explore the new ore. The initial objective of the decline is approximately 2,000 feet from the portal and three new levels will be developed from it. The final estimation of the new ore as to quantity and grade awaits this development plus further advance and drilling on 9 and 10 levels, but the general outlook is promising.

Price Creek Mines Ltd. (Price property)

Drilling the geochemical and I.P. anomaly reported last year failed to show ore mineralization and the work was discontinued. In some places appreciable pyrite is present which might explain the I.P. anomaly. Further geological studies will be undertaken in 1971.

Outside Exploration

An exploration office was established in Campbell River and twenty properties were examined. The Roed property near Jordan River was optioned and an induced polarization survey carried out which showed a large anomaly open at one end. This anomaly will be drilled in 1971.

Work on the Quadra Island groups failed to show ore and the options were dropped.

ORE RESERVES

	Tons	Copper %	Lead %	Zinc %	Gold oz./ton	Silver oz./ton
Lynx	1,581,850	1.9	0.9	8.2	0.07	2.2
Lynx stock pile	48,150	1.0	0.3	5.0	0.02	0.9
Sub-total Lynx	1,630,000	1.8	0.9	8.1	0.07	2.1
Myra Falls Mines Ltd.	200,500	0.9	2.1	8.0	0.07	7.3

Taking the two mines together, the net increase in ore was 501,900 tons or 26%. The increase in reserves plus the ore fed to the mill in 1970 represents approximately 889,000 tons of new ore developed during the year, chiefly in the upper levels and in the pit at the Lynx.

It now appears that the open pit will be operated at least until the end of 1972.

EARNINGS

Profit from operations for the fiscal year amounted to \$4,011,903 or 77 cents per share. No Federal Income Tax is payable on these earnings but provision for British Columbia Mining Tax has been set up, resulting in a net income after taxes of \$3,931,903.

REVENUE AND COSTS

Net revenue from concentrates produced amounted to \$10,514,519 compared \$12,237,227 for the corresponding twelve months in 1969. The average copper prices for 1970 were U.S. 59.10 cents per pound compared with U.S. 66.22 cents per pound for the previous year.

Operating costs before depreciation and interest totalled \$15.67 per ton milled or an increase of 16 percent over the previous year. The increase can be mainly attributed to wage and fringe benefit

increases of 11 percent, and increase in power costs and an increase in underground development costs.

The low rainfall and snowfall during the 1969-1970 seasons resulted in the depletion of the water supply to our hydro plant. The power supply has been maintained by auxiliary diesels but costs have correspondingly increased.

WORKING CAPITAL AND DEBT

Working capital at the beginning of the year of \$6,747,485, together with the 1970 profits of \$4,521,378, before depreciation, provided sufficient funds to

- (a) Pay \$6,329,000 to complete the redemption of the Income Debenture issue of \$7,000,000
- (b) Pay the balance of \$826,000 owing to the Province of British Columbia to fully discharge the Company's unusually heavy obligation of \$2,200,000 for its share of the cost of the access road
- (c) Pave 20.2 miles of the access road, at a cost of \$303,483, a further obligation impressed on the Company
- (d) Pave a further 4.6 miles of the access road at a cost of \$71,675 (This portion is outside the original park boundary and therefore not included in the Company's original obligation but owing to its condition the Company found it necessary to pave it at the Company's own cost this year.)
- (e) Expend \$927,384 on capital development and renewals and additions to plant and equipment, not including equipment for Myra Falls Mines Ltd.
- (f) Provide financial assistance at a cost of \$752,666 to the Company's wholly owned subsidiary, Myra Falls Mines Ltd., for equipment and the development of its Paramount property
- (g) Pay a dividend of \$780,092

After spending the moneys listed above, the Company ended the year with a working capital of \$2,399,734 and is now completely debt free except for the employee housing mortgages which are self liquidating, and normal current accounts payable.

GENERAL

With the object of reducing or eliminating the delivery of tailings to Buttle Lake a pilot plant was installed to test the feasibility of stacking filtered tailings on surface. However, it should be noted that the metal content of the water in Buttle Lake is shown by continuing Government tests to be well below the maximum acceptable level. This is completely contrary to the misinterpretation of Government tests as reported in the press and on television.

Various reclamation projects were carried out during the year. The plant and camp yards were landscaped, partially paved and several areas seeded to grass. One waste dump was prepared and planted with fir seedlings. Approximately 6.9 acres were reclaimed at a cost of \$10,225.

It is interesting to note from the tabulation below how the majority of funds generated by your Company circulate within the Province of British Columbia and thus stimulate and contribute to the economy of the Province. These statistics, which are approximate, cover the four year period, unless otherwise indicated, from the commencement of production in January, 1967.

- (a) Operating supplies totalling \$6,500,000 were purchased within this Province, of which about 20%, costing \$1,300,000, were purchased in the Campbell River area.
- (b) The mine force including contractors' employees now averages about 270 of whom about 85% reside in the Campbell River area. Of the total mine force approximately 230 are on the Company's payroll and were paid a total of \$5,900,000 in the four year period.
- (c) \$10,000,000 was paid to the Company's open pit mining contractors and to other contractors regularly performing services at the property on Vancouver Island.
- (d) A total of \$700,000 was paid for provincial and municipal property taxes and British Columbia Social Service taxes.
- (e) The Company paid the Department of Highways of British Columbia \$2,200,000 as principal and \$166,250 as interest for the access road and also paid contractors \$375,160 for paving this road.
- (f) In December, 1970 the Company paid its first dividend of \$780,092 to approximately 5,200 shareholders, of whom 52% live in British Columbia.

These figures do not include the cost of the plant and equipment, nor preproduction expenses amounting to \$11,097,719 and \$10,058,558 respectively, the majority of which was spent in this Province.

All the foregoing represent a substantial increase in employment in British Columbia.

ON BEHALF OF THE BOARD

"W. G. JEWITT"

President

Vancouver, B.C.
March 1, 1971

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND SUBSIDIARY COMPANIES

consolidated balance sheet

ASSETS

as at December 31, 1970		1970 \$	1969 \$
	CURRENT ASSETS		
(Expressed in Canadian Dollars)	Cash and short-term investments	1,483,059	5,328,242
	Accounts receivable	22,987	106,749
	Concentrate settlements receivable — at estimated net realizable value (note 3)	453,560	976,410
	Concentrate inventories — at estimated net realizable value (note 3)	897,772	1,785,314
	Mine materials and supplies — at cost	168,554	143,333
	Prepaid expenses.....	57,453	52,181
		<u>3,083,385</u>	<u>8,392,229</u>
	INVESTMENT — at cost, no quoted market value	4,930	4,930
	FIXED ASSETS		
	Plant and equipment (note 4)	9,230,752	8,504,112
	Mining properties — at cost (notes 1 and 4)	884,717	861,617
		<u>10,115,469</u>	<u>9,365,729</u>
	DEFERRED EXPENSES		
	Preproduction and financing (note 7)		10,058,558
	Exploration and development (note 1)	815,815	300,104
		<u>815,815</u>	<u>10,358,662</u>
	SIGNED ON BEHALF OF THE BOARD		
	"W.G. JEWITT", Director		
	"R.T. HAGER", Director	<u>14,019,599</u>	<u>28,121,550</u>

auditors' report to the shareholders

We have examined the consolidated balance sheet of Western Mines Limited (non-personal liability) and subsidiary companies as at December 31, 1970 and the consolidated statement of earnings and retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Generally accepted accounting principles, as presently applied to mining, require that deferred expenses be amortized by charges to earnings and one generally accepted basis is in amounts and over periods which can vary according to the rate at which proven and probable ore reserves will be absorbed into production. Although the company's mine came into production on February 1, 1967, no such charge has been made to earnings to date and during the year ended December 31, 1970, the company wrote off the entire deferred preproduction and financing expenses of \$10,058,558 to retained earnings. Based on production to date and presently determined ore reserves, in our opinion the net earnings for 1970 would have been reduced by

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND SUBSIDIARY COMPANIES

LIABILITIES

**consolidated
balance sheet**

	1970 \$	1969 \$	as at December 31, 1970
CURRENT LIABILITIES			
Accounts payable	434,795	463,623	
Accrued payroll	162,956	124,832	
Accrued income debenture interest.....		224,289	
Income and mining taxes payable.....	80,000		
Long-term debt maturing within one year	5,900	832,000	
	<u>683,651</u>	<u>1,644,744</u>	
 LONG-TERM DEBT			
Income debenture		6,329,000	
Province of British Columbia (note 5).....		826,000	
Mortgages (note 5)	189,866	161,857	
	<u>189,866</u>	<u>7,316,857</u>	
 <i>Less: Long-term debt maturing within</i>			
one year	5,900	832,000	
	<u>183,966</u>	<u>6,484,857</u>	
	<u>867,617</u>	<u>8,129,601</u>	
 SHAREHOLDERS' EQUITY			
CAPITAL STOCK (note 6)			
Authorized —			
7,500,000 shares with a nominal or par value			
of \$2 each			
Issued and fully paid —			
5,201,816 shares (December 31, 1969 —			
5,169,416 shares)	8,468,769	8,401,989	
 RETAINED EARNINGS	4,683,213	11,589,960	
	<u>13,151,982</u>	<u>19,991,949</u>	
	<u>14,019,599</u>	<u>28,121,550</u>	

approximately \$650,000 (12.5¢ per share) and retained earnings at December 31, 1970 would be greater by \$5,208,558 if these deferred expenses had been so amortized.

Subject to the qualification set out in the preceding paragraph, in our opinion, these financial statements present fairly the consolidated financial position of the companies as at December 31, 1970 and the consolidated results of their operations and the consolidated source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding period.

McDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

Vancouver, B.C.
February 1, 1971

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND SUBSIDIARY COMPANIES

consolidated statement of earnings and retained earnings

for the year ended
December 31, 1970

	1970 \$	1969 \$ (note 9)
REVENUE FROM CONCENTRATES PRODUCED	13,479,296	15,836,043
<i>Less:</i> Treatment and marketing costs	2,964,777	3,598,816
	<u>10,514,519</u>	<u>12,237,227</u>
OPERATING COSTS		
Concentrate production	5,725,858	4,985,408
Administration (note 8)	324,923	125,881
	<u>6,050,781</u>	<u>5,111,289</u>
OPERATING INCOME	<u>4,463,738</u>	<u>7,125,938</u>
OTHER EXPENSE (INCOME)		
Depreciation	509,475	515,715
Outside exploration	118,062	24,642
Interest on long-term debt	259,051	484,714
Interest earned on short-term investments	(418,829)	(71,424)
Other	(15,924)	16,536
	<u>451,835</u>	<u>970,183</u>
NET EARNINGS BEFORE PROVISION FOR TAXES	4,011,903	6,155,755
PROVISION FOR INCOME AND MINING TAXES (note 7)	<u>80,000</u>	
NET EARNINGS FOR THE YEAR	3,931,903	6,155,755
RETAINED EARNINGS — BEGINNING OF YEAR	11,589,960	5,341,546
	<u>15,521,863</u>	<u>11,497,301</u>
PREPRODUCTION AND FINANCING EXPENSES (note 7)	10,058,558	
CAMP ROAD COSTS CAPITALIZED		92,659
DIVIDENDS	<u>780,092</u>	
RETAINED EARNINGS — END OF YEAR	4,683,213	11,589,960
EARNINGS PER SHARE	<u>\$.76</u>	<u>\$1.23</u>

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND SUBSIDIARY COMPANIES

consolidated statement of source and use of working capital

for the year ended
December 31, 1970

	1970 \$	1969 \$ (note 9)
SOURCE		
Operations		
Net earnings for the year	3,931,903	6,155,755
<i>Add:</i> Non working capital items		
Depreciation	509,475	515,715
Loss on disposal of fixed assets	5,244	27,436
Interest on Province of B.C. debt		42,000
	<u>4,446,622</u>	<u>6,740,906</u>
Capital stock issued	66,780	1,115,780
Mortgage financing	34,695	
	<u>4,548,097</u>	<u>7,856,686</u>
USE		
Dividends	780,092	
Mining properties	23,100	4,890
Fixed asset additions — net	1,255,758	406,288
Exploration and development	501,312	73,702
Income debentures redeemed	6,329,000	671,000
Mortgages repaid	6,586	47,457
Province of B.C. debt due in 1970		826,000
	<u>8,895,848</u>	<u>2,029,337</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(4,347,751)	5,827,349
WORKING CAPITAL — BEGINNING OF YEAR	6,747,485	920,136
WORKING CAPITAL — END OF YEAR	2,399,734	6,747,485
REPRESENTED BY:		
Current assets	3,083,385	8,392,229
Current liabilities	683,651	1,644,744
WORKING CAPITAL — END OF YEAR	2,399,734	6,747,485

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND SUBSIDIARY COMPANIES

notes to consolidated financial statements

for the year ended
December 31, 1970

1. VALUES

The amounts shown for mining properties and deferred expenses represent costs to date and do not necessarily reflect present or future values.

2. PRINCIPLES OF CONSOLIDATION

All of the subsidiary companies, as follows, are wholly-owned and included in the consolidated financial statements:

Myra Falls Mines Ltd.
Price Creek Mines Ltd.
Western Mines Holdings Limited
Discovery Terminals Ltd.
Myra Falls Management Ltd.

3. CONCENTRATE SETTLEMENTS RECEIVABLE AND CONCENTRATE INVENTORIES

Concentrate settlements receivable are valued at the metal prices prevailing at the time of shipment less estimated treatment and marketing costs. In accordance with the terms of the sales contract, final settlements are made at prices prevailing at a future date and the amounts which will be received by the company may vary from those amounts shown as concentrate settlements receivable at December 31, 1970. Concentrate inventories are valued at the metal prices at December 31, 1970 less provision for estimated market adjustments, treatment and marketing costs.

4. FIXED ASSETS

(a) Fixed assets and related accumulated depreciation are as follows:

	1 9 7 0			1969
	Cost	Accumulated	Net	Net
	\$	Depreciation	\$	\$
Vancouver Island and				
Head office				
Plant, roads and				
equipment	9,972,245	1,769,006	8,203,239	7,779,051
Underground capital				
development	223,553		223,553	57,828
Staff housing	483,612	72,197	411,415	274,688
Ainsworth idle plant	418,309	25,764	392,545	392,545
	<u>11,097,719</u>	<u>1,866,967</u>	<u>9,230,752</u>	<u>8,504,112</u>

Depreciation of plant and equipment is at the rate of 5% per annum and automotive equipment is at the rate of 20% per annum, both computed on a straight line basis. No depreciation has been taken on the idle Ainsworth plant during the year ended December 31, 1970.

(b) The cost of mining properties as at December 31, 1970 is as follows:

	1970	1969
	\$	\$
Vancouver Island	212,123	194,023
Ainsworth, B.C.	659,750	659,750
Outside properties	12,844	7,844
	<u>884,717</u>	<u>861,617</u>

5. LONG-TERM DEBT

Province of British Columbia

Under a contract with the British Columbia Department of Highways, the company is responsible for the payment of \$2,000,000, plus or minus 10%, being the estimated cost of constructing an access road to the company's property in Strathcona Provincial Park. \$2,200,000 with interest at 6% was fully paid by December 31, 1970. Subsequent to the agreement, the Department of Highways asked the company to acknowledge responsibility for the full cost of the construction of the access road. The company declined and relied on the contract. On advice of its solicitor, the company has no further responsibility in excess of the amount paid as noted above.

Mortgages are secured by charges on land and houses for company employees, bear interest at rates varying from 6¼% to 8½% per annum and are repayable \$1,767 per month including interest.

6. CAPITAL STOCK

- (a) As at December 31, 1970, shares issued, discounts and premiums related thereto were as follows:

		1 9 7 0			1969
	Shares	Par value \$	Discounts less premiums \$	Net \$	\$
For cash	4,281,776	8,563,552	1,214,863	7,348,689	7,281,909
For properties	575,000	1,150,000	450,000	700,000	700,000
For services	345,040	690,080	270,000	420,080	420,080
	<u>5,201,816</u>	<u>10,403,632</u>	<u>1,934,863</u>	<u>8,468,769</u>	<u>8,401,989</u>

- (b) During the year ended December 31, 1970, the company issued 32,400 shares for cash totalling \$66,780 under the terms of stock options outstanding.
- (c) The company has outstanding stock options to employees and officers for 12,600 shares at prices ranging from \$2.00 to \$3.53 per share exercisable on varying dates to 1974.

7. PREPRODUCTION, FINANCING AND INCOME TAXES

Preproduction and financing expenses totalling \$10,058,558 were written-off to Retained Earnings during the year. This amount will be allowed, in its majority, as a deduction for income tax purposes in periods subsequent to January 31, 1970, the date on which the company's tax free period ended. No income taxes are exigible in 1970 (except \$80,000 B.C. mining tax) because of deferred tax debits which have arisen in current and prior years through the write-off of total net preproduction and depreciation in the accounts in excess of the total net claimed for income tax purposes. These deferred tax debits have been recognized in the current year (being the year in which they were first realized by way of their deductibility) to the extent that they completely offset current taxes otherwise payable.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the year ended December 31, 1970, the directors and senior officers of the company, as defined by the British Columbia Securities Act, 1967, were paid aggregate remuneration totalling \$148,004. Included in this amount are directors' fees of \$37,000 and officers' pension plan contributions of \$4,062.

9. CHANGE IN FISCAL YEAR END

During 1969 the company changed its fiscal year end from September 30 to December 31. Accordingly, the comparative figures shown on the statements of earnings and retained earnings and source and use of working capital have been restated to reflect the unaudited results of operations for the twelve months ended December 31, 1969.

5000 E

LYNX

6 LEVEL

8 LEVEL

9 LEVEL

10 LEVEL

11 LEVEL

12 LEVEL

13 LEVEL

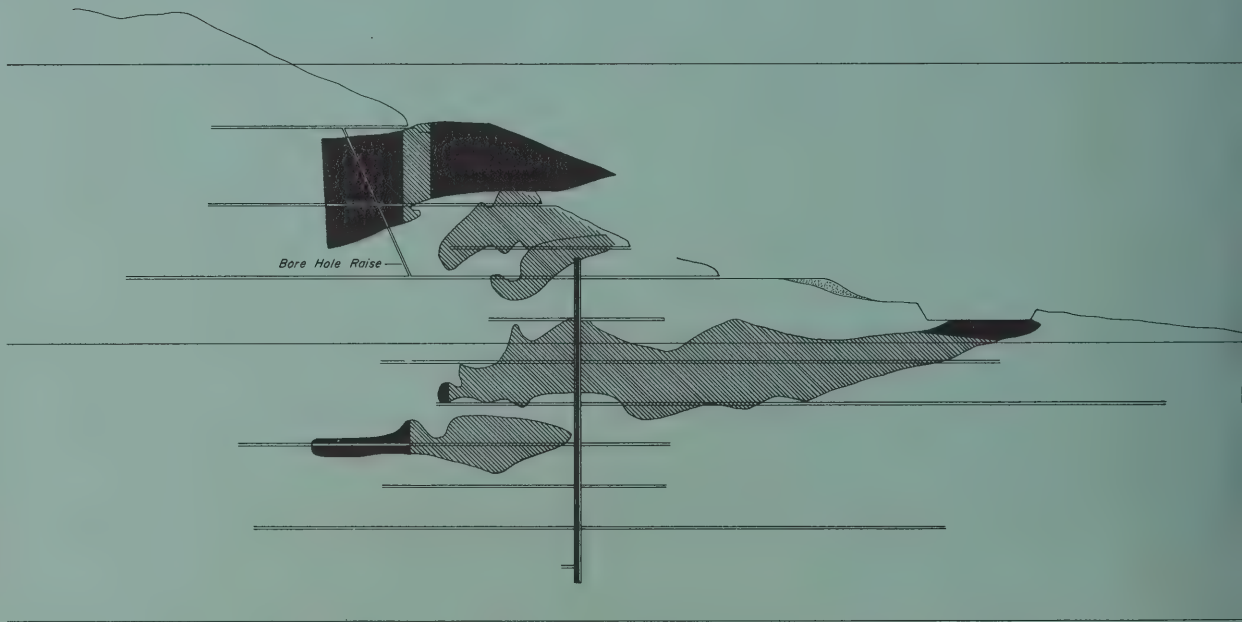
14 LEVEL

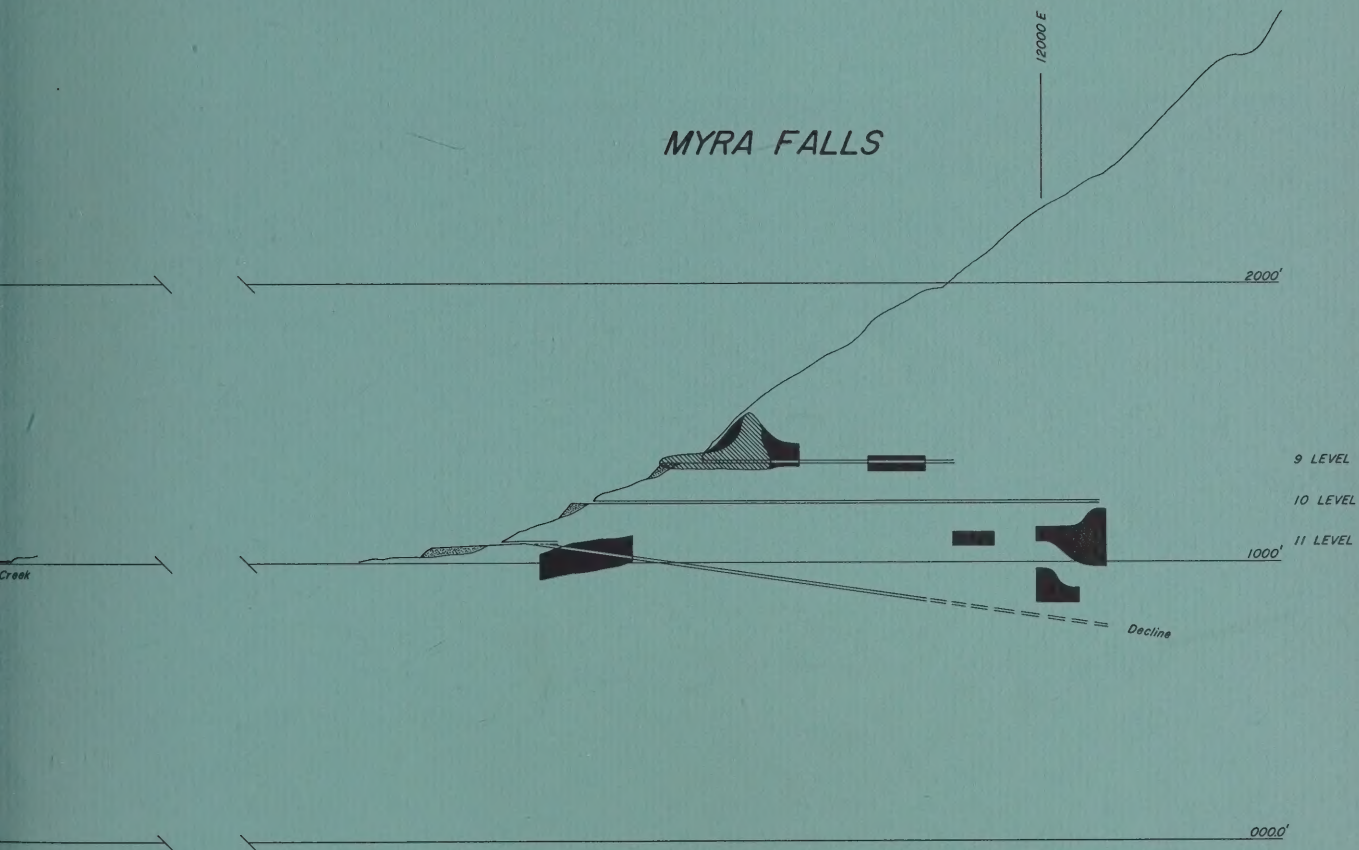
15 LEVEL

16 LEVEL

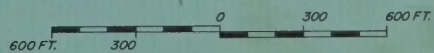
17 LEVEL

Bore Hole Raise





WESTERN MINES LIMITED (NPL)
Composite Longitudinal Section



■ New Ore Added to Reserves, 1970



PLANT SITE

